

**Hospice of Waterloo Region**  
**Financial Statements**  
For the year ended March 31, 2020

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## Independent Auditor's Report

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To the Board of Directors of  
Hospice of Waterloo Region

### Opinion

We have audited the financial statements of Hospice of Waterloo Region (the Organization), which comprise the balance sheet as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

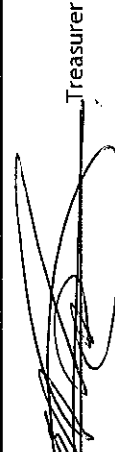
Waterloo, Ontario  
June 25, 2020

## Hospice of Waterloo Region Balance Sheet

March 31 2020 2019

	Operating	Capital	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash (Note 3 and 4)	\$ 483,227	\$ 2,308,383	\$ 2,791,610	\$ 3,283,168
Accounts receivable (Note 5)	31,750	209,256	241,006	112,930
Prepaid expenses	30,980	500	31,480	35,089
Interfund balances (Note 7)	142,148	(142,148)	-	-
Assets held for sale (Note 8)	-	1,211,090	1,211,090	1,249,211
	<b>688,105</b>	<b>3,587,081</b>	<b>4,275,186</b>	<b>4,680,398</b>
<b>Tangible capital assets (Note 9)</b>	<b>-</b>	<b>8,102,747</b>	<b>8,102,747</b>	<b>4,041,878</b>
	<b>\$ 688,105</b>	<b>\$11,689,828</b>	<b>\$12,377,933</b>	<b>\$ 8,722,276</b>
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Accounts payable and accrued liabilities (Note 4 and 10)	\$ 337,427	\$ 889,331	\$ 1,226,758	\$ 296,585
Deferred operating contributions (Note 11)	204,592	-	204,592	234,531
	<b>542,019</b>	<b>889,331</b>	<b>1,431,350</b>	<b>531,116</b>
<b>Fund balances</b>				
Restricted for tangible capital assets	-	9,313,837	9,313,837	5,291,089
Externally restricted	-	1,486,660	1,486,660	2,753,988
Unrestricted	146,086	-	146,086	146,083
	<b>146,086</b>	<b>10,800,497</b>	<b>10,946,583</b>	<b>8,191,160</b>
	<b>\$ 688,105</b>	<b>\$11,689,828</b>	<b>\$12,377,933</b>	<b>\$ 8,722,276</b>

On behalf of the Board:  President

 Treasurer

**Hospice of Waterloo Region  
Statement of Changes in Fund Balances**

For the year ended March 31	2020		2019	
	Operating	Capital	Total	Total
Fund balances, beginning of the year	\$ 146,083	\$ 8,045,077	\$ 8,191,160	\$ 3,067,498
Excess of revenue over expenditures for the year	12,748	2,742,675	2,755,423	5,123,662
Interfund transfers (Note 6)	(12,745)	12,745	-	-
<b>Fund balances, end of the year</b>	<b>\$ 146,086</b>	<b>\$10,800,497</b>	<b>\$10,946,583</b>	<b>\$ 8,191,160</b>

The accompanying notes are an integral part of these financial statements.

**Hospice of Waterloo Region  
Statement of Operations**

For the year ended March 31 2020 2019

	Operating	Capital	Total	Total
<b>Revenue</b>				
WWLHIN (Note 12)	\$ 1,089,752	\$ -	\$ 1,089,752	\$ 2,214,896
Donations and fundraising (Note 13)	455,834	3,166,290	3,622,124	4,214,211
Ministry of Health Education Funding (Note 12)	86,993	-	86,993	108,993
Grants	30,770	-	30,770	733,533
Interest and other (Note 13)	55,920	5,206	61,126	68,022
	<b>1,719,269</b>	<b>3,171,496</b>	<b>4,890,765</b>	<b>7,339,655</b>
<b>Expenses</b>				
Advertising, promotion, and printing	28,500	30,607	59,107	61,053
Amortization	-	60,139	60,139	62,216
Bank charges	4,218	8,515	12,733	11,188
Computer and other equipment leases and costs	35,128	1,989	37,117	56,972
Fundraising	79,991	18,436	98,427	67,263
Insurance and professional fees	48,503	-	48,503	21,144
Ministry of Health Education	86,993	-	86,993	108,993
Memberships	7,123	912	8,035	6,928
Occupancy costs	98,397	33,634	132,031	109,458
Office	27,927	3,973	31,900	40,942
Postage and telephone	23,967	1,329	25,296	21,389
Program costs	97,057	-	97,057	111,036
Salaries and benefits	1,132,555	268,425	1,400,980	1,480,870
Staff education	16,371	680	17,051	27,290
Travel reimbursements	19,791	182	19,973	29,251
	<b>1,706,521</b>	<b>428,821</b>	<b>2,135,342</b>	<b>2,215,993</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 12,748</b>	<b>\$ 2,742,675</b>	<b>\$ 2,755,423</b>	<b>\$ 5,123,662</b>

The accompanying notes are an integral part of these financial statements.

## Hospice of Waterloo Region Statement of Cash Flows

For the year ended March 31	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 2,755,423	\$ 5,123,662
Item not involving cash		
Amortization of tangible capital assets	60,139	62,216
	2,815,562	5,185,878
 Changes in non-cash working capital balances		
Accounts receivable	(128,076)	(30,731)
Prepaid expenses	3,609	2,254
Accounts payable and accrued liabilities	930,173	76,830
Deferred operating contributions	(29,939)	(29,511)
	3,591,329	5,204,720
 <b>Cash flows from investing activities</b>		
Purchase of tangible capital assets	(4,082,887)	(1,220,204)
 <b>Financing activities</b>		
Repayment of bank loan	-	(1,800,000)
 Increase (decrease) in cash during the year	(491,558)	2,184,516
Cash, beginning of year	3,283,168	1,098,652
<b>Cash, end of year</b>	<b>\$ 2,791,610</b>	<b>\$ 3,283,168</b>

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## Hospice of Waterloo Region Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

**Nature of Operations** The organization is a registered charity incorporated without capital under the laws of Ontario and is dedicated to providing comfort, care and support to people affected by a life-threatening illness.

**Fund Accounting** The Operating Fund reports the assets, liabilities, revenues and expenses related to the services provided to people and families affected by a life-threatening illness.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the purchase and use of tangible capital assets. Amounts related to existing tangible capital assets are reported in the internally restricted for tangible capital assets. Externally restricted funds represents the amounts raised towards future tangible capital asset purchases that have been restricted by the funder.

**Tangible Capital Assets** Tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	-	4 % diminishing balance basis
Furniture and equipment	-	20 % diminishing balance basis
Office equipment	-	25 % diminishing balance basis
Computer equipment	-	40 - 55% diminishing balance basis
Signage	-	20 % diminishing balance basis
Landscaping	-	10 % diminishing balance basis
Leasehold improvements	-	5 years straight-line

One half of the amortization is provided in the year of acquisition and no amortization is provided in the year of disposal.

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.



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## Hospice of Waterloo Region Notes to Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies (continued)

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as useful life of tangible capital assets and measuring accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Income Tax

The organization is exempt from income tax under section 149 of the Income Tax Act.

#### Revenue Recognition

The organization uses the restricted fund method of accounting for contributions.

Funding is received from the Waterloo Wellington Local Health Integration Network (WWLHIN). Annual Reconciliation Reports are submitted to the WWLHIN by the organization for final approval. Assessments of prior funding may occur based on funder decisions. The effect of these adjustments, which cannot be quantified at the time of preparing the financial statements, will be recorded in the year of assessment.

Contributions received related to the capital fund are recognized as revenue in the fund when received.

Contributions of the operating fund that are restricted for activities or fundraising events taking place in the following year are deferred until the activity or event is completed and the related expenses are incurred.

Unrestricted contributions of the operating fund are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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## Hospice of Waterloo Region Notes to Financial Statements

March 31, 2020

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1. Significant Accounting Policies (continued)

**Contributed Materials and Services**

Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to expense for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

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## Hospice of Waterloo Region Notes to Financial Statements

March 31, 2020

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### 2. Changes in the Nature of Operations

A component of the current Hospice of Waterloo Region strategic plan is to become a hub for the delivery of integrated hospice palliative care services in the region, providing services that support individuals and families through serious illness and grief along with education for the healthcare professionals who provide this important care.

Hospice of Waterloo Region has begun planning for this future expansion of services with the purchase of five acres of land in North Waterloo. Construction is underway for the creation of a Palliative Care Centre that will include spaces for a medical clinic, client programming, volunteer services, education classrooms, residential hospice beds and administrative offices.

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### 3. Cash

The organization's bank accounts are held at two chartered banks and earns a nominal amount of interest.

The organization has a letter of credit outstanding with the Corporation of the City of Waterloo for \$200,000 related to the construction of a Palliative Care Centre.

The organization has three credit facilities that have not been drawn upon at year end. These facilities consist of an interim construction loan with capacity of \$8,000,000, which upon completion of construction would be converted to a bridge loan and a reducing demand loan. The lending capacities of the post-construction facilities are \$6,000,000 and \$2,000,000 respectively.

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### 4. Restricted Cash

Included within Cash is \$113,890 held on behalf of the Cambridge North Dumfries Ontario Health Team ("CNDONT"). The Hospice of Waterloo region has agreed to collect contributions from members and disburse funds on behalf CNDONT. Included within accounts payable is \$113,890 owing to CNDONT. The collection and distribution of funds has no impact on the results of operations of the Hospice of Waterloo Region.

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**Hospice of Waterloo Region  
Notes to Financial Statements**

**March 31, 2020**

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**5. Accounts Receivable**

	<u>2020</u>	<u>2019</u>
WWLHIN Funding	\$ -	\$ 42,658
HST Receivable	234,390	70,272
Other	<u>6,616</u>	<u>-</u>
	<u>\$ 241,006</u>	<u>\$ 112,930</u>

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**6. Interfund Transfers**

During the year, the Board of Directors authorized the transfer of funds in the amount of \$12,745 from the Operating Fund to the Capital Funds. This transfer is shown as interfund transfers on the Statement of Changes in Fund Balances.

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**7. Interfund Balances**

The balances due from (to) funds are unsecured, interest free, with no fixed terms of repayment.

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**Hospice of Waterloo Region  
Notes to Financial Statements**

**March 31, 2020**

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**8. Assets Held for Sale**

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land - Lawrence Avenue	\$ 232,500	\$ -	\$ 232,500	\$ -
Building - Lawrence Avenue	1,462,342	483,752	1,459,743	443,032
	<b>\$ 1,694,842</b>	<b>\$ 483,752</b>	<b>\$ 1,692,243</b>	<b>\$ 443,032</b>
Net book value		<b>\$ 1,211,090</b>		<b>\$ 1,249,211</b>

In February 2020, the organization accepted an offer to sell the Lawrence Avenue property for \$1.9 million. The closing date of the agreement is subsequent to the year end on December 1, 2020.

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**Hospice of Waterloo Region  
Notes to Financial Statements**

**March 31, 2020**

**9. Tangible Capital Assets**

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land - University Avenue	\$ 2,266,691	\$ -	\$ 2,266,691	\$ -
Building - University Avenue	5,339,264	-	1,680,607	-
Furniture and equipment	552,049	143,954	164,799	137,422
Office equipment	50,502	39,395	48,319	36,056
Computer equipment	138,462	118,427	119,238	116,823
Signage	6,391	5,618	6,391	5,425
Landscaping	85,327	38,924	85,327	33,768
Leasehold improvements	12,974	2,595	-	-
	<b>\$ 8,451,660</b>	<b>\$ 348,913</b>	<b>\$ 4,371,372</b>	<b>\$ 329,494</b>
Net book value		<b>\$ 8,102,747</b>		<b>\$ 4,041,878</b>

Included in computer hardware are additions of \$18,221 for computer hardware that was not in use at year-end and therefore no amortization was recorded.

The Building at University Avenue is under construction and as such is not being amortized. The organization has planned to spend approximately \$15.5 million on this project with the planned completion date of December 2020. A capital campaign to secure the required funding is well underway. In addition, the organization has secured credit facilities as described in Note 3 to deal with any timing differences of funding raised during construction.

**10. Accounts Payable and Accrued Liabilities**

	2020	2019
Accounts payable	\$ 653,862	\$ 100,011
Accrued liabilities	539,403	164,942
Government remittances	33,493	31,632
	<b>\$ 1,226,758</b>	<b>\$ 296,585</b>

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## Hospice of Waterloo Region Notes to Financial Statements

March 31, 2020

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### 11. Deferred Operating Contributions

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 234,531	\$ 264,042
Funding received during the year	59,763	42,136
Amounts recognized as revenue during the year	<u>(89,702)</u>	<u>(71,647)</u>
Balance, end of year	<u>\$ 204,592</u>	<u>\$ 234,531</u>

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### 12. Economic Dependence

The organization is economically dependent upon grants from the Government of Ontario. This source represents 69% (2019 - 66%) of operating revenue for the year ended March 31, 2020.

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### 13. Non-monetary Transactions

During the year, the organization received donations of \$140,162 in marketable securities measured at the fair value of the securities received on the date of the exchange. The organization later sold these and realized a gain of \$1,024.

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### 14. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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**Hospice of Waterloo Region  
Notes to Financial Statements**

**March 31, 2020**

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**15. Commitments**

The organization has entered into operating leases for its office space expiring June 2024.

The minimum annual lease payments for the next year are as follows:

2021	\$	23,482
2022		24,089
2023		24,415
2024		25,022
2025		4,556
	\$	101,564

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**16. Kitchener and Waterloo Community Foundation**

Certain endowment funds owned by Kitchener and Waterloo Community Foundation (KWCF) are held in perpetuity for the benefit of Hospice of Waterloo Region and are excluded from these financial statements. The income component is comprised of interest and dividends earned on the capital investment and is available for distribution in the form of grants.

The organization has access to any income and growth on the investments but the original capital contribution is restricted and held at KWCF.

Should KWCF cease to exist, the organization would be entitled to receive the appropriate proportionate share of the market value of the investments of KWCF represented by the fund.

	2020	2019
Restricted endowment fund	\$ 28,236	\$ 25,486
Income (loss) earned during the year	\$ 2,750	\$ (9)

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## Hospice of Waterloo Region Notes to Financial Statements

March 31, 2020

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### 17. Financial Instrument Risks

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash and accounts receivable. The organization has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from HST recoverable. There have been no changes to the organization's credit risk exposure from the prior year.

#### Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, and its commitments. The exposure to liquidity risk has decreased due to repayment of the bank loan.

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### 18. Uncertainty due to COVID-19

In March 2020, the World Health Organization ("WHO") classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As a result of restrictions put in place by the Province of Ontario, the organization suspended face to face programs and some fundraising events have been cancelled.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce.

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